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## **Government Finance Committee**

**December 14, 2021**

**Thomas Beadle, State Treasurer**

**Office of State Treasurer**

Chairman Howe and members of the committee, for the record I am Thomas Beadle, State Treasurer for the State of North Dakota. Our office was asked to provide information to the committee regarding IT unification, the current budgeting and appropriations process for IT services, and the possibility of providing a general fund appropriation to the Information Technology Department rather than providing a general fund appropriation to the agency to pay the Information Technology Department for services.

### **Agency Overview**

The Office of State Treasurer has no dedicated internal IT staff and currently contracts with NDIT for all its information technology requirements including:

- Desktop support
- Website hosting
- Website development
- Data storage
- Application creation and support
- Application hosting
- Telephone services

Over the first five months of the current '21-'23 biennium, the Office of State Treasurer has paid, on average, \$5,800 per month in data processing and telephone services to NDIT. Of this amount each month, roughly \$4,200 is related to fixed costs with the remainder being amounts billed at hourly rates for certain application development needs. These hourly billed amounts fluctuate based on the specific needs of our agency.

### **IT Unification**

Our office has never had a dedicated IT person on staff within the agency, so we have always relied heavily on NDIT for the majority of our IT needs.

#### **Benefits:**

- Availability of IT expertise without having dedicated IT staff

#### **Concerns:**

- Potential for delayed service
  - "Small fish in big pond"

### **Current Budgeting and Appropriations Process for IT Services**

As part of our biennial budget request, the Office of State Treasurer uses estimated rates from NDIT to determine an amount needed for IT expenditures for the biennium.

#### Advantages:

- Flexibility in obtaining IT services if NDIT is not able to assist

#### Disadvantages:

- Very difficult, if not impossible, for our agency to reduce these expenditures without a corresponding rate change from NDIT

### **General Fund Appropriation Directly to NDIT**

As a general fund agency, all our operating expense appropriations normally come out of the state's general fund. Moving the general fund appropriation for our IT services out of our budget and directly to NDIT would have its advantages and disadvantages.

#### Advantages:

- Much simpler budgeting at agency level
- Would reduce our budget request items to amounts that are more solely controllable by our agency

#### Disadvantages:

- Lose control of funding for one-time IT projects
  - Would ITD have to approve of these projects first?